

## Message Text

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12

ACTION EA-09

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 DODE-00 PM-04 H-02 L-03 PA-01 PRS-01 OES-03

ACDA-05 AGR-05 INT-05 /106 W  
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R 251016Z SEP 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7907

INFO AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: RP, US, JA, EGEN

SUBJECT: GOJ VIEWS OF ECONOMIC RELATIONS WITH RP AND REGION

1. AT JAPANESE EMBASSY REQUEST, KASUTOSHI HASEGAWA  
DIRECTOR OF SECOND SOUTHEAST ASIAN DIV OF FOREIGN MINISTRY,  
CALLED SEPT 25 ON ECON/COMMERCIAL COUNSELOR TO DISCUSS  
ECONOMIC RELATIONS WITH PHILIPPINES AND REGION. HASEGAWA  
WAS ACCOMPANIED BY JAPANESE DCM KOICHI TSUTSUMI AND  
SECOND SECRETARY NORIO HATORI.

2. HASEGAWA STATED THAT HIS DIVISION INCLUDED BURMA AND  
ALL THE ASEAN COUNTRIES EXCEPT THAILAND. HE WAS ON AN  
INSPECTION TOUR OF JAPANESE MISSIONS WITHIN HIS DIVISION,  
AND MANILA WAS HIS LAST STOP BEFORE PROCEEDING BACK TO  
TOKYO. OF THE ASEAN COUNTRIES, HE SAID THE GOJ CONSIDERED  
INDONESIA AND PHILIPPINES AS THE MOST IMPORTANT IN TERMS  
OF JAPAN'S LONG-TERM INTERESTS. MAJOR FACTOR IN GOJ  
RELATIONS WITH ASEAN WAS FACT THAT JAPAN WAS THE MAJOR  
MARKET FOR, AND EXPORTER TO ALL REGIONAL COUNTRIES.

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EXCEPTION WAS THE PHILIPPINES WHOSE MAJOR MARKET CONTINUED

TO BE THE UNITED STATES.

3. HASWGAWA WAS PARTICULARLY INTERESTED IN MAJOR PROBLEMS IN U.S.-PHILIPPINE ECONOMIC RELATIONS. ECON/COMMERCIAL COUNSELOR NOTED THAT IN CURRENT TRADE PHILIPPINES WAS MOVING TOWARD DEFICIT WITH U.S. DUE TO SLUMP IN SUGAR EXPORTS, AND STATED THAT MAJOR ISSUES ARISING OUT OF EXPIRATION OF LAUREL-LANGLEY, SUCH AS LAND OWNERSHIP AND RETAIL TRADE, WERE RESOLVED BY GOP THROUGH DOMESTIC LEGISLATION. HE NOTED ALTHOUGH SEVERAL INDIVIDUAL AGREEMENTS OF ECONOMIC INTEREST WERE PENDING, INCLUDING TAX AND SCIENTIFIC AGREEMENTS. HE ALSO INDICATED THAT U.S. HAD TABLED A DRAFT OF AN ECONOMIC COOPERATION AGREEMENT, HELD DISCUSSIONS LAST YEAR, AND NOW EXPECTS TO RESUME NEGOTIATIONS IN THE NEAR FUTURE. HE CONCLUDED THAT TRADE AND INVESTMENT ACTIVITY HAVE CONTINUED APACE WITHOUT AN AGREEMENT, BUT NUMBER OF NAGGING PROBLEMS EXIST, E.G., IN TRADE AND TRANSPORTATION.

4. WITH REGARD TO THE PROPOSED SCIENTIFIC AGREEMENT, ECON/COMMERCIAL COUNSELOR MENTIONED THAT GOP WAS PARTICULARLY INTERESTED IN THE TRANSFER OF PROJECT STORMFURY TO THE PACIFIC BUT WAS AWARE OF JAPANESE CONCERNS. COUNSELOR DESCRIBED GOP INTEREST IN STORMFURY AND RELATED RESEARCH AND SAID HE PRESUMED MATTER BEING DISCUSSED BY GOP WITH JAPAN. TSUTSUMI STATED CLEARLY THAT GOJ WAS OPPOSED TO SUCH WORK, BUT NEITHER AFFIRMED NOR DENIED TALKS WITH GOP.

5. MAJOR JAPANESE PROBLEM WITH GOP, HASEGAWA SAID, WAS COPPER. PHILIPPINE REACTION TO PROPOSED CUTBACKS IN COPPER SHIPMENTS WAS STRONGLY ADVERSE, HE AGREED. JAPANESE COPPER SMELTERS, HOWEVER, WERE AMONG WORST AFFECTED IN CURRENT RECESSION, INVENTORIES OF METALLIC COPPER HAD RISEN TO MORE THAN 400,000 TONS BUT PROBLEM WAS BEING AMELORATED WITH JAPANESE EXIMBANK ASSISTING COMPANIES IN FINANCING INVENTORIES. THIS WAS COMPLETELY QUOTE NON-GOVERNMENTAL, UNQUOTE HE STRESSED. APROPOS CURRENT JAPANESE SLUMP, HASEGAWA STATED THAT TURNAROUND WOULD COME SLOWER IN JAPAN THAN IN THE UNITED STATES, PROBABLY END OF THE YEAR AT THE EARLIEST OR FIRST PART OF NEXT YEAR.

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6. DURING ENSUING DISCUSSION ON FOREIGN ASSISTANCE, TSUTSUMI STATED THAT GOJ CONTRIBUTION TO PHILIPPINES LAST YEAR WAS APPROXIMATELY \$75 MILLION, OF WHICH \$50 MILLION WAS IN PROJECTS AND \$25 MILLION IN COMODITY LOANS. TSUTSUMI SAID THAT GOJ WOULD NOT COMMIT ITSELF THIS YEAR, HOWEVER, TO ANY SPECIFIC FIGURE OF ASSISTANCE AT THE FORTHCOMING MEETING OF THE CONSULATIVE GROUP IN PARIS. SULLIVAN

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